

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2002-382-C - ORDER NO. 2003-17  
JANUARY 10, 2003

IN RE: Application of Chester, Lockhart and	)	ORDER GRANTING
Ridgeway Telephone Companies for	)	NEW DEPRECIATION
Approval of an Increase in its Deprecation	)	RATES
Rates for its Digital Switching and Subscriber	)	
Carrier Plant Accounts.	)	

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Application of Chester, Lockhart, and Ridgeway Telephone Companies (the Companies) for approval of an increase in depreciation rates for Digital Switching and Subscriber Carrier Plant Accounts. The Companies propose to increase the Digital Switching depreciation rate to 12.0% and the Subscriber carrier depreciation rate to 12.5% with an effective date of January 1, 2002. The Companies state that the approval of these changes will not affect telephone rates, nor will the companies seek any increase in telephone rates in the calendar year 2003 as a result of this filing.

Pursuant to the instructions of the Commission's Executive Director, the Companies published a Notice of Filing one time in newspapers of general circulation in their service territories. No Protests or Petitions to Intervene were received. Accordingly, we will proceed to dispose of this matter without a hearing.

The Companies note that the proposed depreciation rates fall within the range of rates previously approved by this Commission for this type of equipment for other companies operating in South Carolina.

According to the Companies, the current depreciation live of 14 years (7.11% depreciation rate for all three companies) does not accurately reflect the true life of the equipment. In the past 14 years, for example, Chester Telephone Company has had to replace the central processor twice and is facing a third replacement in the near future. The upcoming replacement will be necessary in order for Chester to provide future packet based services and new features that are being developed only for packet based switches. Ridgeway will likewise be required to upgrade its switch, which was installed in 1996, to offer packet based services and new features. Lockhart's switch, which was installed in June 1995, was replaced with digital loop carrier last year when Lockhart determined it would be less expensive to replace the switch with digital loop carrier than to upgrade the switch to bring it into compliance with certain new Federal Communications Commission (FCC) requirements. The Companies assert that a depreciation life of 8.33 years, which equates to a 12.00% depreciation rate, more accurately reflects the actual life of digital switching equipment.

With regard to the Subscriber Carrier depreciation rate, the Companies assert that it is necessary for them to replace and upgrade digital loop carrier equipment in order to keep up with the fast pace of technological change and to provide broadband services to their respective customers. The companies have already begun this process, and it has been their experience that the current depreciation rates for this equipment do not accurately reflect the actual life of the equipment. A depreciation life of 8 years, which equates to a 12.50% depreciation rate, more accurately reflects the actual life of this type of equipment, according to the Companies.

The Companies are requesting that the new depreciation rates be effective retroactive to January 1, 2002. Further, they state that approval of this request will not affect the respective companies' rates, nor will the companies seek to increase rates in calendar year 2003 as a result of this filing.

We have examined the requested revised depreciation rates, and have determined that they should be approved as filed. Accordingly, the new depreciation rates shall be 12.00% for Digital Switching Plant and 12.50% for Subscriber Carrier Plant for the Companies, with an effective date for both of January 1, 2002. We think these rates are more reflective of the actual depreciation rates for the particular accounts. We also note that these rates fall within the range of rates previously approved for other companies in South Carolina for similar equipment. Further, telephone rates will not change as the result of this approval. Also, the Companies state that they will not request a rate increase during 2003 as a result of the changes. Accordingly, the requested changes are approved as filed.

This Order shall remain in full force and effect until further Order of the  
Commission.

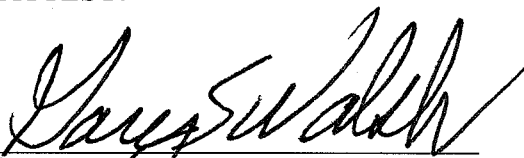
BY ORDER OF THE COMMISSION:



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Mignon L. Clyburn  
Chairman

ATTEST:



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Gary E. Walsh  
Executive Director

(SEAL)